

# Chapter 1. Strategic Assessment

Office of the Coordinator for Counterterrorism

## Country Reports on Terrorism 2008

April 30, 2009

This chapter highlights terrorism trends and ongoing issues in 2008 to provide a framework for detailed discussion in later chapters.

### TRENDS IN 2008

**AL-QA'IDA AND ASSOCIATED TRENDS:** Al-Qa'ida (AQ) and associated networks continued to lose ground, both structurally and in the court of world public opinion, but remained the greatest terrorist threat to the United States and its partners in 2008. AQ has reconstituted some of its pre-9/11 operational capabilities through the exploitation of Pakistan's Federally Administered Tribal Areas (FATA), the replacement of captured or killed operational lieutenants, and the restoration of some central control by its top leadership, in particular Ayman al-Zawahiri. Worldwide efforts to counter terrorist financing have resulted in AQ appealing for money in its last few messages.

In the years since 9/11, AQ and its extremist allies have moved across the border to the remote areas of the Pakistani frontier, where they have used this terrain as a safe haven to hide, train terrorists, communicate with followers, plot attacks, and send fighters to support the insurgency in Afghanistan. Therefore, Pakistan's Federally Administered Tribal Areas (FATA) provided AQ many of the benefits it once derived from its base across the border in Afghanistan.

The threat from al-Qa'ida in Iraq (AQI) continued to diminish. While still dangerous, AQI experienced significant defections, lost key mobilization areas, suffered disruption of support infrastructure and funding, and was forced to change targeting priorities. Indeed, the pace of suicide bombings countrywide, a key indicator of AQI's operational capability, fell significantly during 2008. Initiatives to cooperate with tribal and local leaders in Iraq continued to encourage Sunni tribes and local citizens to reject AQI and its extremist ideology. The sustained growth and improved capabilities of the Iraqi forces increased their effectiveness in rooting out terrorist cells. In Baghdad, Anbar, Diyala Provinces, and elsewhere, local populations turned against AQI and cooperated with the Government of Iraq and Coalition Forces to defeat it.

The late 2006 Ethiopian incursion into Somalia forced AQ on the run in East Africa, but also served as a rallying point for anti-Ethiopian/anti-Government militia and al-Shabaab. After Ethiopian forces drove the Islamic Courts Council (ICC) out of power, al-Shabaab, the militant wing of the former ICC, and disparate clan militias launched a violent insurgency targeting the Ethiopian presence in Somalia, the Transitional Federal Government of Somalia (TFG), and the African Union Mission in Somalia peacekeepers.

Attacks against the Ethiopian and TFG forces continued in 2008, following the early 2007 call to action by AQ's Ayman al-Zawahiri, who urged all mujahedin to extend support to Somali Muslims in a holy war against Ethiopian forces. The subsequent security vacuum in parts of central and southern Somalia has led divergent factions to oppose al-Shabaab and its extremist ideology. However, hardcore al-Shabaab fighters, foreign fighters, and allied militias continued to conduct brazen attacks in Mogadishu and outlying environs, primarily in South/Central Somalia. AQ elements continued to benefit from safe haven in the regions of southern Somalia under al-Shabaab influence. After al-Shabaab's leaders publicly ordered their fighters to

attack AU peace-keeping troops based in Mogadishu, a suicide vehicle bomber detonated near an AU base in the capital on January 24, 2008, killing an estimated 13 people.

Al-Qa'ida in Yemen (AQY) carried out several attacks against tourism and U.S and Yemeni government targets. The most notable was the September 17 attack against the U.S. Embassy in Sanaa that killed 18 people. A half a dozen other attacks occurred in Yemen in 2008 including a January attack that killed two Belgian tourists and two Yemeni drivers in the southern governorate of Hadramaut. Despite an August raid on an AQY cell that resulted in the death of its leader, the Government of Yemen has been unable to disrupt other AQY cells. Yemen continued to increase its maritime security capabilities, but land border security along the extensive frontier with Saudi Arabia remained a problem, despite increased Yemeni-Saudi cooperation on bilateral security issues.

Al-Qa'ida in the Islamic Maghreb (AQIM) maintained training camps and support networks in the isolated and remote areas of Algeria and the Sahel. AQIM continued to primarily target the Algerian government, but also made threats against what it termed "crusading" Westerners, particularly American and French citizens, although Russians, Danes, Austrians, Swiss, British, German, and Canadian citizens have been targeted as well, particularly in kidnappings for ransom. AQIM support cells have been discovered and/or dismantled in Spain, Italy, Morocco, Mauritania, Algeria, Tunisia, and Mali. In Algeria, there was a dramatic rise in terrorist attacks claimed by AQIM during the month of August, with at least 79 people killed in various incidents across the northeastern part of the country, many of them in suicide bombings.

AQ continued its propaganda efforts seeking to inspire support in Muslim populations, undermine Western confidence, and enhance the perception of a powerful worldwide movement. Terrorists consider information operations a principal part of their effort. Their use of the Internet for propaganda, recruiting, fundraising and, increasingly, training, has made the Internet a "virtual safe haven." That said, bin Laden and Zawahiri appeared to be in the position of responding to events rather than driving them, particularly in the latter half of 2008.

Besides seeking to take advantage of international interventions in Iraq and Afghanistan as tools for radicalization and fundraising, AQ also sought to use the Israeli/Palestinian conflict, but lacked credibility in this regard. The international community has yet to muster a coordinated and effectively resourced program to counter extremist propaganda.

**TALIBAN and other insurgent groups and criminal gangs:** The Taliban and other insurgent groups and criminal gangs, some of whom were linked to AQ and terrorist sponsors outside the country, control parts of Afghanistan and Pakistan and threaten the stability of the region. Attacks against our troops, NATO allies, and the Afghan government have risen steadily. Taliban insurgents murdered local leaders and attacked Pakistani government outposts in the FATA of Pakistan. Ideological allies of the Taliban conducted frequent attacks in Pakistan's Northwest Frontier Province (NWFP), particularly in the Swat Valley, and have extended operations in to the Punjab and the capital city of Islamabad. Suicide bombers are increasingly used to target Pakistanis, in addition to conducting cross-border raids on ISAF forces.

The Government of Afghanistan continued to strengthen its national institutions, and some polls indicated the majority of Afghans believed they were better off than they were under the Taliban. The terror-drug nexus and funding from the Gulf have increased the Taliban's ability to fight, and the Taliban's efforts to convince Afghans that ISAF forces and corruption in the Afghanistan government are the source of Afghani pain has fueled the insurgency and curtailed legitimate efforts to influence Afghans to reject violent

extremism. The international community's assistance to the Afghan government to build counterinsurgency capabilities, ensure legitimate and effective governance, and counter the surge in narcotics cultivation is essential to the effort to defeat the Taliban and other insurgent groups and criminal gangs.

**STATE SPONSORS OF TERRORISM:** State sponsorship of terrorism continued to undermine efforts to reduce terrorism. Iran remained the most significant state sponsor of terrorism. Iran has long employed terrorism to advance its key national security and foreign policy interests, which include regime survival, regional dominance, opposition to Arab-Israeli peace, and countering western influence, particularly in the Middle East. Iran continues to rely primarily on its Islamic Revolutionary Guard Corps-Qods Force to clandestinely cultivate and support terrorist and Islamic militant groups abroad, including: Lebanese Hizballah, Palestinian terrorist groups such as HAMAS and Palestinian Islamic Jihad, certain Iraqi Shia militant groups, and Islamic militants in Afghanistan, the Balkans, and elsewhere. Throughout 2008, the Qods force continued to provide weapons, training, and funding to Lebanese Hizballah to advance its anti-Israeli campaign and undermine the elected Government of Lebanon. Despite a dramatic decrease in attacks in Iraq since August 2008, security remains fragile, in part because the Qods Force continued to provide lethal support to select Iraqi militant groups that target U.S., Iraqi and Coalition forces. Iranian weapons transfers to select Taliban members in Afghanistan in 2008 continued to threaten Afghan and NATO troops operating under UN mandate and undermine stabilization efforts in that country. The Government of Iran also continued to pursue an expansion of its military ties during this period into the Western Hemisphere and parts of Africa, including through its IRGC-Qods Force.

#### **DEFEATING AN AGILE TERRORIST ENEMY**

The terrorist groups of greatest concern – because of their global reach – share many of the characteristics of a global insurgency: propaganda campaigns, grass roots support, transnational ideology, and political and territorial ambitions. Responding requires a comprehensive response that focuses on recruiters and their networks, potential recruits, the local population, and the ideology. An holistic approach incorporates efforts aimed at protecting and securing the population; politically and physically marginalizing insurgents; winning the support and cooperation of at-risk populations by targeted political and development measures; and conducting precise intelligence-led special operations to eliminate critical enemy elements with minimal risk to innocent civilians.

Significant achievements in this area were made this year against terrorist leadership targets, notably the capturing or killing of key terrorist leaders in Pakistan, Iraq, and Colombia. These efforts buy us time to carry out the non-lethal and longer term elements of a comprehensive counterterrorist strategy: disrupting terrorist operations, communications, propaganda, subversion efforts, planning and fundraising, and preventing radicalization before it takes root by addressing the grievances that terrorists exploit and discrediting the ideology that provides their legitimacy. Actions that advance these strategic objectives include building and strengthening networks among governments, multilateral cooperation, business organizations, and working within civil society. It is crucial to empower credible voices and provide alternatives to joining extremist organizations.

Working with allies and partners across the world, we have created a less permissive operating environment for terrorists, keeping terrorist leaders on the move or in hiding, and degrading their ability to plan and mount attacks. Canada, Australia, the United Kingdom, Germany, Spain, Jordan, the Philippines, Pakistan, Afghanistan, Iraq, and many other partners played major roles in this success. Dozens of countries have continued to pass counterterrorism legislation or strengthen pre-existing laws that provide their law

enforcement and judicial authorities with new tools to bring terrorists to justice. The United States has expanded the number of foreign partners with which it shares terrorist screening information. This information serves as an important tool for disrupting and tracking travel of known and suspected terrorists. Saudi Arabia has implemented one of the first rehabilitation programs for returning extremists to turn them against violent extremism and to reintegrate them as peaceful citizens.

Through the Regional Strategic Initiative, the State Department and other United States agencies are working with U.S. ambassadors overseas in key terrorist theaters of operation to assess threats and devise collaborative strategies, action plans, and policy recommendations. We have made progress in organizing regional responses to terrorists who operate in ungoverned spaces or across national borders. This initiative has produced better intra-governmental coordination among United States government agencies, greater cooperation with and between regional partners, and improved strategic planning and prioritization, allowing us to use all tools of statecraft to establish long-term measures to marginalize terrorists. ([See Chapter 5, Terrorist Safe Havens \(7120 Report\)](#) for further information on the Regional Strategic Initiative and on the tools we are using to address the conditions that terrorists exploit.) 2008 witnessed improvement in capacity and cooperation on such key issues as de-radicalization, border controls, document security, interdiction of cash couriers, and biometrics and other travel data sharing. ([See Chapter 2, Country Reports](http://www.state.gov/s/ct/rls/crt/2008/), for further details on counterterrorism efforts taken by individual countries).

Radicalization continued in immigrant populations, youth and alienated minorities in Europe, the Middle East, and Africa. A special focus on new approaches in Europe has been productive and has informed the way we understand government's role in combating radicalization. It is increasingly clear that radicalization does not occur by accident, or because such populations are innately prone to extremism. Rather, we saw increasing evidence of terrorists and extremists manipulating the grievances of alienated youth or immigrant populations, and then cynically exploiting those grievances to subvert legitimate authority and create unrest. We also note a "self-radicalization" process, through which youths reach out to extremists in order to become involved in the broader AQ fight.

Efforts to manipulate grievances represent a "conveyor belt" through which terrorists seek to convert alienated or aggrieved populations, by stages, to increasingly radicalized and extremist viewpoints, turning them into sympathizers, supporters, and ultimately, in some cases, members of terrorist networks. In some regions, this includes efforts by AQ and other terrorists to exploit insurgency and communal conflict as radicalization and recruitment tools, using the Internet to convey their message.

Counter-radicalization is a priority for the United States, particularly in Europe, given the potential for Europe-based violent extremism to threaten the United States and its key interests directly. The leaders of AQ and its affiliates are interested in recruiting terrorists from and deploying terrorists to Europe. They are especially interested in people familiar with Western cultures who can travel freely in the region and to the United States. However, countering such efforts requires that we treat immigrant and youth populations not as a threat to be defended against, but as a target of enemy subversion to be protected and supported. It requires that community leaders take responsibility for the actions of members within their communities and act to counteract extremist propaganda and subversion. It also requires governments to serve as facilitators, conveners, and intellectual partners to credible organizations/people who can do what governments cannot. Finally, bilateral, regional, and multilateral cooperation is essential.

We are also exploring how to harness the enormous potential of the private sector in the United States with its economic might and fast and flexible responses to market and security conditions. We need to find better ways to deploy this strength against terrorists. For its part, the private sector has a vested interest in partnering against violent extremists to secure its existing and future investments/economic opportunities. In addition, grassroots groups can play an important role in supporting immigrant and youth populations, strengthening their resistance to extremist approaches. Citizen diplomacy, cultural activity, person-to-person contact, economic cooperation and development, and the application of media and academic resources are major components of our response to the threat of violent extremism.

The commitment by governments to work with each other, the international community, private sector organizations, and their citizens and immigrant populations remains a key factor in coordinated efforts to confront violent extremism. Local communities and religious leaders are also a vital part of countering radicalization strategies.

This chapter sets the scene for the detailed analysis that follows. Significant achievements in border security, information sharing, transportation security, financial controls, and the killing or capture of numerous terrorist leaders have reduced the threat. But the threat remains, and state sponsorship, improved terrorist propaganda capabilities, the pursuit of weapons of mass destruction by some terrorist groups and state sponsors of terrorism, and terrorist exploitation of grievances represent ongoing challenges.

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## Chapter 2. Country Reports: Middle East and North Africa Overview

Office of the Coordinator for Counterterrorism

### Country Reports on Terrorism 2008

April 30, 2009

"Terrorism and criminality are the enemies of every religion and every civilization. They would not have appeared except for the absence of the principle of tolerance."

--King Abdullah bin Abdulaziz of Saudi Arabia  
The United Nations, New York City  
November 13, 2008

Most governments in the region cooperated with the United States in counterterrorist activities and undertook efforts to strengthen their capabilities to counter terrorism effectively. These efforts included participation in USG-sponsored antiterrorism assistance (ATA) programs and taking steps to bolster banking and legal regimes to combat terrorist financing.

The Iraqi government, in coordination with the Coalition, made significant progress in combating AQI and affiliated terrorist organizations. There was a notable reduction in the number of security incidents throughout much of Iraq, including a decrease in civilian casualties, enemy attacks, and improvised explosive device (IED) attacks in the last quarter of the year. Terrorist organizations and insurgent groups continued their attacks on Coalition and Iraqi security forces using IEDs, vehicle-borne improvised explosive devices (VBIEDs), and suicide bombers. The Iraqi government continued to emphasize national reconciliation and made progress in passing key pieces of reconciliation-related legislation. There were also practical steps taken that helped to advance reconciliation at the provincial and local level. The United States continued its focused efforts to mitigate the threat posed by foreign fighters in Iraq. State sponsors of terrorism, Iran and Syria, continued to play destabilizing roles in the region. [See Chapter 3, *State Sponsors of Terrorism*.]

The Expanded Neighbors Process continued to provide a forum for Iraq and its neighbors to address the political and security challenges facing Iraq and the region. In November, the Iraqi government sent representatives to Syria to participate in the second Neighbors Process working group on border security where the group sought new ways to limit the flow of foreign terrorists into Iraq.

Israel responded to the terrorist threat as it has in recent years, with operations targeted at terrorist leaders, terrorist infrastructure, and active terrorist activities such as rocket launching groups. Israel Defense Forces (IDF) and Israel Security Services (ISA) continued incursions into the West Bank to conduct roundups and other military operations designed to increase pressure on Palestinian terrorist organizations and their supporters. The Israeli security services also imposed strict and widespread closures and curfews in Palestinian areas. The regular and indiscriminate rocket attacks on Israel from Gaza were met by retaliatory fire by the IDF. Israel also maintained its targeted assassinations policy in Gaza. While there continued to be an overall decrease in the number of successfully perpetrated terrorist attacks in comparison to previous years, Israeli security officials maintained that the decrease was not for lack of terrorists' efforts, but because the security services were able to keep terrorist planners and operators off balance and foil acts before they were carried out. The Israeli Air Force increasingly launched airstrikes

against launch teams in November and December following escalations in rocket and mortar attacks. Israel launched Operation Cast Lead in Gaza on December 27 in response to these rocket attacks.

In Lebanon, a campaign of domestic political intimidation continued, including several attacks against members of the Lebanese army and Internal Security Forces. In May, Lebanese Hizballah initiated armed confrontations against Lebanese government and other Sunni and Christian elements in the country following the government's efforts to shut down Hizballah's independent telecommunications network, in addition to the removal of the Hizballah-affiliated head of airport security. A Hizballah official suspected in several bombings against U.S. citizens, Imad Mughniyeh, was killed in Damascus, Syria in February. No one has taken responsibility for his death.

Attacks in Algeria in August killed nearly 80 people. These attacks were indicative of the shifts in strategy made by al-Qa'ida in the Islamic Maghreb (AQIM) towards attacks employing suicide tactics and improvised explosive devices (IEDs), and the targeting of Western interests as well as Algerian government officials and civilians.

On March 10, AQIM claimed responsibility for kidnapping two Austrian tourists near the Tunisia-Algeria border. The hostages were released on October 31 after a ransom was paid. In February, the Tunisian courts handed down guilty verdicts on eight of 30 Tunisians convicted in a December 2007/January 2008 plot targeting U.S. and UK interests in Tunisia.

The security situation in Yemen deteriorated significantly over the past year as al-Qa'ida in Yemen increased its attacks against Western and Yemeni government institutions. On January 17, suspected al-Qa'ida operatives ambushed a tourist convoy in the eastern Hadramout Governorate, killing two Belgians. The U.S. Embassy was attacked on September 17; fatalities included several Yemeni security personnel and citizens, as well as an American citizen.

## **Iraq**

Iraq remained a committed partner in counterterrorism efforts. The Iraqi government, with support from Coalition Forces, continued to make significant progress in combating al-Qa'ida in Iraq (AQI) and affiliated terrorist organizations, as well as Shiite militia elements engaged in terrorism. The significant reduction in the number of security incidents throughout much of Iraq, beginning in the last half of 2007, continued in 2008, with an even further decrease in civilian casualties, enemy attacks, and improvised explosive device (IED) attacks.

Terrorist organizations and insurgent groups continued attacks on Coalition and Iraqi security forces using IEDs, including vehicle-borne improvised explosive devices, and suicide bombers. Beginning in November 2007 and through July 2008, improvised rocket-assisted mortars were used in attacks on Coalition Forces resulting in both military and civilian casualties. AQI and its Sunni extremist partners also increasingly used Iraqi nationals and females as suicide bombers. Coalition Forces conducted a full spectrum of operations to defeat the adaptive threats employed by AQI, by, with, and through Iraqi forces.

Iraqi and Coalition Forces tactically defeated many AQI cells in Baghdad and Anbar, and AQI elements consolidated into Ninewa and Diyala provinces. Despite being limited to smaller safe havens within Iraq, AQI retained pockets of extremists in and around Baghdad and in Anbar. In Ninewa, Coalition Forces focused operations against AQI and like-minded Sunni extremists by capturing or killing senior leaders. On October

5, U.S. troops killed Abu Qaswarah, AQI's Emir of the North and second-in-command. AQI continued primarily to target the Iraqi security forces, SOI (Sons of Iraq) groups, and tribal awakening movement members. Despite the improved security environment, AQI still possessed the means to launch high-profile attacks against Iraqi civilians and infrastructure and their focus seemed to have shifted to such attacks. In addition to countering AQI and Sunni extremists, Iraq is making progress in defeating terrorists with alternative motivations.

Foreign terrorists from North Africa and other Middle Eastern countries who were sympathetic to Sunni extremists continued to flow into Iraq, predominantly through Syria. Their numbers, however, were significantly fewer than in the previous year. Terrorism committed by illegal armed groups receiving weapons and training from Iran continued to endanger the security and stability of Iraq, however incidents of such violence were markedly lower than in the previous year. Many of the groups receiving ideological and logistical support from Iran were based in Shia communities in Central and Southern Iraq. Iraqi government officials continued to strongly condemn terrorists from all quarters. On November 19, Iraq, Turkey, and the United States renewed its formal trilateral security dialogue as one element of ongoing cooperative efforts to counter the militant Kurdish nationalist group, Kurdistan Workers' Party (PKK). Iraqi leaders, including those from the Kurdistan Regional Government continued to publicly state that the PKK was a terrorist organization and would not be tolerated in Iraq. The Trilateral discussions continued through the end of the year.

The Iraqi government increased its bilateral and multilateral efforts to garner regional and international support against the common threat of terrorism. The Expanded Neighbors Process continued to provide a forum in which Iraq and its neighbors could address the political and security challenges facing Iraq and the region. In November, the government sent representatives to Syria to participate in the second Neighbors Process working group on border security where the group sought new ways to limit the flow of foreign terrorists into Iraq. Also on the diplomatic front, ambassadors from Jordan, Bahrain, Syria, United Arab Emirates, Kuwait, and the Arab League all presented their credentials in 2008.

The Iraqi government pressed senior Iranian leaders to end support for lethal aid to Iraqi militias, and the Iraqi army defeated extremists trained and equipped by Iran in Basra, Baghdad, and other areas. For example, in the Charge of the Knights operation in April in Basra, Prime Minister Maliki ordered Iraqi security forces to combat extralegal Iranian-supported militias. Iraqi forces arrested violent extremists, confiscated arms, and helped to reestablish the rule of law in Basra. The operation was Iraqi-led, while small British and American Military Transition Teams were in place to provide Iraqi leaders with advice, access to surveillance, and the ability to call for additional resources as needed.

On April 19, in published comments in response to the operations, Muqtada al-Sadr threatened to wage "open war until liberation" against the Iraqi government unless it agreed to stop targeting Mahdi Army members. Attacks by Mahdi Army members increased in Baghdad's Sadr City neighborhood after Sadr's statement. However, Iraqi Foreign Minister Hoshiyar Zebari vowed, in response, that the Iraqi government would continue to pursue militias. Although attacks by militants have since sharply decreased, Shia militant groups' ties to Iran remained a challenge and threat to Iraq's long term stability.

The Government of Iraq attributed security gains to both the Coalition troop surge and the purported decisions by some elements affiliated with Muqtada al-Sadr's Jaysh al-Mahdi Army to forego armed action in favor of political activity. Improved Iraqi Security Forces proficiency and increasing popular support for the actions of Iraqi Forces against AQI and other extremist groups also illustrated security progress. SOI groups

provided Coalition and Iraqi forces with valuable information that helped disrupt terrorist operations and exposed large weapons caches. The SOI began integration into Iraqi Security Forces in October. Sunni tribal awakening movements formed alliances with the coalition against AQI and extremist groups. Ethno-sectarian related violence continued to decline, although reports late in the year that Christians were targeted for assassination in Mosul indicated that AQI still sought to sow fear and instability by promoting inter-ethnic and inter-religious animosity.

The Iraqi security forces continued to build tactical and operational momentum and assumed responsibility for security in all of Iraq's 18 provinces. On November 17, the Governments of Iraq and the United States signed a Security Agreement that provided the legal basis for continued security cooperation, which will help Iraq build its capacity to fight terrorist organizations, and established formal mechanisms for ensuring that future security operations are conducted in accord with the Security Agreement. Continued international support will be critical for the Iraqi government to continue building its capacity to fight terrorist organizations. Iraq's intelligence services continued to improve in both competency and confidence, but will require ongoing support before they will be able to adequately identify and respond to internal and external terrorist threats.

# Chapter 3: State Sponsors of Terrorism

Office of the Coordinator for Counterterrorism

## Country Reports on Terrorism 2008

April 30, 2009

State sponsors of terrorism provide critical support to non-state terrorist groups. Without state sponsors, terrorist groups would have greater difficulty obtaining the funds, weapons, materials, and secure areas they require to plan and conduct operations. The United States will continue to insist that these countries end the support they give to terrorist groups.

Sudan continued to take significant steps towards better counterterrorism cooperation. Iran and Syria have not renounced terrorism or made efforts to act against Foreign Terrorist Organizations and routinely provided safe haven, substantial resources, and guidance to terrorist organizations. Cuba continued to publicly defend the FARC and provide safe haven to some members of terrorist organizations, though some were in Cuba in connection with peace negotiations with the Governments of Spain and Colombia.

On October 11, the United States rescinded the designation of the Democratic People's Republic of Korea (DPRK) as a state sponsor of terrorism in accordance with criteria set forth in U.S. law, including a certification that the Government of North Korea had not provided any support for international terrorism during the preceding six-month period and the provision by the government of assurances that it will not support acts of international terrorism in the future.

### State Sponsor: Implications

Designating countries that repeatedly provide support for acts of international terrorism as state sponsors of terrorism imposes four main sets of U.S. Government sanctions:

1. A ban on arms-related exports and sales.
2. Controls over exports of dual-use items, requiring 30-day Congressional notification for goods or services that could significantly enhance the terrorist-list country's military capability or ability to support terrorism.
3. Prohibitions on economic assistance.
4. Imposition of miscellaneous financial and other restrictions, including:
  - Requiring the United States to oppose loans by the World Bank and other international financial institutions;
  - Exception from the jurisdictional immunity in U.S. courts of state sponsor countries, and all former state sponsor countries (with the exception of Iraq), with respect to claims for money damages for personal injury or death caused by certain acts of terrorism, torture, or extrajudicial killing, or the provision of material support or resources for such acts;
  - Denying companies and individuals tax credits for income earned in terrorist-list countries;
  - Denial of duty-free treatment of goods exported to the United States;

- Authority to prohibit any U.S. citizen from engaging in a financial transaction with a terrorist-list government without a Treasury Department license; and
- Prohibition of Defense Department contracts above \$100,000 with companies in which a state sponsor government owns or controls a significant interest.

## **IRAN**

Iran remained the most active state sponsor of terrorism. Iran's involvement in the planning and financial support of terrorist attacks throughout the Middle East, Europe, and Central Asia had a direct impact on international efforts to promote peace, threatened economic stability in the Gulf, and undermined the growth of democracy.

The Qods Force, an elite branch of the Islamic Revolutionary Guard Corps (IRGC), is the regime's primary mechanism for cultivating and supporting terrorists abroad. The Qods Force provided aid in the form of weapons, training, and funding to HAMAS and other Palestinian terrorist groups, Lebanese Hizballah, Iraq-based militants, and Taliban fighters in Afghanistan.

Iran remained a principal supporter of groups that are implacably opposed to the Middle East Peace Process. Iran provided weapons, training, and funding to HAMAS and other Palestinian terrorist groups, including Palestine Islamic Jihad (PIJ) and the Popular Front for the Liberation of Palestine-General Command (PFLP-GC). Iran's provision of training, weapons, and money to HAMAS since the 2006 Palestinian elections has bolstered the group's ability to strike Israel. In 2008, Iran provided more than \$200 million in funding to Lebanese Hizballah and trained over 3,000 Hizballah fighters at camps in Iran. Since the end of the 2006 Israeli-Hizballah conflict, Iran has assisted Hizballah in rearming, in violation of UN Security Council Resolution 1701.

Iran's IRGC Qods Force provided assistance to the Taliban in Afghanistan. The Qods Force provided training to the Taliban on small unit tactics, small arms, explosives, and indirect fire weapons. Since at least 2006, Iran has arranged arms shipments including small arms and associated ammunition, rocket propelled grenades, mortar rounds, 107mm rockets, and plastic explosives to select Taliban members.

Despite its pledge to support the stabilization of Iraq, Iranian authorities continued to provide lethal support, including weapons, training, funding, and guidance, to Iraqi militant groups that targeted Coalition and Iraqi forces and killed innocent Iraqi civilians. Iran's Qods Force continued to provide Iraqi militants with Iranian-produced advanced rockets, sniper rifles, automatic weapons, and mortars that have killed Iraqi and Coalition Forces as well as civilians. Tehran was responsible for some of the lethality of anti-Coalition attacks by providing militants with the capability to assemble improvised explosive devices (IEDs) with explosively formed projectiles (EFPs) that were specially designed to defeat armored vehicles. The Qods Force, in concert with Lebanese Hizballah, provided training both inside and outside of Iraq for Iraqi militants in the construction and use of sophisticated IED technology and other advanced weaponry.

Iran remained unwilling to bring to justice senior al-Qa'ida members it has detained, and has refused to publicly identify those senior members in its custody. Iran has repeatedly resisted numerous calls to transfer custody of its al-Qa'ida detainees to their countries of origin or third countries for trial. Iran also continued to fail to control the activities of some al-Qa'ida members who fled to Iran following the fall of the Taliban regime in Afghanistan.

Senior IRGC and Qods Force officials were indicted by the Government of Argentina for their alleged roles in

the 1994 terrorist bombing of the Argentine Israel Mutual Association which, according to the Argentine State Prosecutor's report, was initially proposed by the Qods Force.